

RECEIVED
LEGISLATIVE AUDITOR
2009 JUN 30 PM 2:10

**JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER**

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2008 AND 2007**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date

7/29/09

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2008 AND 2007

TABLE OF CONTENTS

	<u>Page No.</u>
Independent Auditors' Report.....	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	4
Statements of Activities	5
Statements of Functional Expenses.....	7
Statements of Cash Flows	8
Notes to Financial Statements	
Index	11
Notes.....	12
SUPPLEMENTARY INFORMATION	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	21
Schedules of Expenditures of Federal Awards	24
Schedule of Prior Year Findings and Questioned Costs.....	25
Schedule of Findings and Questioned Costs.....	26
Management's Corrective Action Plan	27

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Jericho Ministries, Inc.
dba Feliciana Family Outreach Center
P. O. Box 23
Ethel, Louisiana 70730

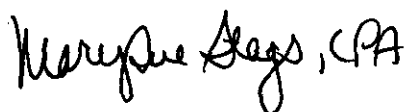
We have audited the accompanying statements of financial position of Jericho Ministries, Inc. dba Feliciana Family Outreach Center (a non-profit organization) as of December 31, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Jericho Ministries, Inc. dba Feliciana Family Outreach Center as of December 31, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2009, on our consideration of Jericho Ministries, Inc. dba Feliciana Family Outreach Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of Jericho Ministries, Inc. dba Feliciana Family Outreach Center taken as a whole. The accompanying schedules of expenditures of federal awards is not a required part of the basic financial statements but is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
June 26, 2009

FINANCIAL STATEMENTS

JERICHO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 790.57	\$ 76,853.61
Grants receivable	44,220.84	8,190.00
Advances and other receivables	341.40	-
Prepaid expenses	1,163.55	4,309.71
Property and equipment, net	112,197.81	120,803.46
	<hr/>	<hr/>
TOTAL ASSETS	158,714.17	210,156.78
	<hr/>	<hr/>
<u>LIABILITIES</u>		
Bank overdrafts	26,855.42	-
Accounts payable	75,469.03	112,345.58
Payroll taxes and withholdings payable	1,321.90	1,630.43
Accrued salaries	12,459.63	35,521.56
Accrued interest payable	-	1,117.65
Due to officers/directors	2,436.17	1,647.58
Notes payable	157,983.11	166,410.84
	<hr/>	<hr/>
Total Liabilities	276,525.26	318,673.64
 <u>NET ASSETS (DEFICIT)</u>		
Unrestricted	(117,811.09)	(108,516.86)
	<hr/>	<hr/>
Total Net Assets (Deficit)	(117,811.09)	(108,516.86)
	<hr/>	<hr/>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	158,714.17	210,156.78
	<hr/>	<hr/>

See Accompanying Notes and Auditors' Report

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>UNRESTRICTED NET ASSETS</u>		
 <u>UNRESTRICTED REVENUES AND GAINS</u>		
Contributions	\$ 32,200.00	\$ 30.00
Daycare and other income	107,900.42	97,191.47
Fundraisers	5,163.28	3,973.51
	<hr/>	<hr/>
Total Unrestricted Revenues and Gains	145,263.70	101,194.98
 <u>NET ASSETS RELEASED FROM RESTRICTIONS</u>		
Restrictions satisfied by payments	837,012.03	948,570.99
	<hr/>	<hr/>
Total Unrestricted Revenues, Gains and Other Support	982,275.73	1,049,765.97
 <u>EXPENSES</u>		
Program Services		
Youth programs	830,740.33	901,060.58
Supporting Services		
General and administrative	160,829.63	209,590.92
	<hr/>	<hr/>
Total Expenses	991,569.96	1,110,651.50
	<hr/>	<hr/>
DECREASE IN UNRESTRICTED NET ASSETS	(9,294.23)	(60,885.53)

Continued

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
STATEMENTS OF ACTIVITIES - Continued
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
<u>TEMPORARILY RESTRICTED NET ASSETS</u>		
Support from La. Dept. of Social Services	\$ 191,037.00	\$ 236,747.00
Support from U.S. Dept. of Health and Human Services	645,975.03	711,823.99
Net assets released from restrictions:		
Restrictions satisfied by payments	<u>(837,012.03)</u>	<u>(948,570.99)</u>
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS	<u>-</u>	<u>-</u>
CHANGE IN NET ASSETS	(9,294.23)	(60,885.53)
NET ASSETS (DEFICIT), BEGINNING OF PERIOD	<u>(108,516.86)</u>	<u>(47,631.33)</u>
NET ASSETS (DEFICIT), END OF PERIOD	<u><u>(117,811.09)</u></u>	<u><u>(108,516.86)</u></u>

See Accompanying Notes and Auditors' Report

JERICHO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2008 AND 2007

Account Name	2008						2007					
	Program			Supporting			Program			Supporting		
	TPP	Youth	RAFTA	General	& Admin	Total	TPP	Youth	RAFTA	General	& Admin	Total
Advertising	\$ -	\$ -	\$ -	\$ 3,141.57	\$ 3,141.57	\$ 3,141.57	\$ -	\$ -	\$ 234.35	\$ 7,593.26	\$ 7,593.26	\$ 7,827.61
Contributions	-	-	-	1,300.00	1,300.00	1,300.00	-	-	-	3,647.13	3,647.13	3,647.13
Curriculum/activities	2,237.96	23,067.23	-	-	-	25,305.19	4,154.44	26,990.15	1,677.45	1,677.45	1,677.45	32,822.04
Depreciation	1,297.16	9,669.72	-	825.46	825.46	11,792.34	1,550.41	11,371.82	836.27	836.27	836.27	13,758.50
Food/kitchen supplies	15,391.22	35,650.24	-	25,914.67	25,914.67	76,956.13	25,983.25	80,099.71	38,229.02	38,229.02	38,229.02	144,311.98
Fund raising expenses	-	-	-	1,448.50	1,448.50	1,448.50	-	-	-	-	-	-
Insurance	1,680.86	2,489.58	-	9,926.04	9,926.04	14,096.48	2,632.21	7,447.17	9,917.36	9,917.36	9,917.36	19,996.74
Interest expense	-	-	-	11,312.10	11,312.10	11,312.10	-	-	-	21,765.78	21,765.78	21,765.78
Occupancy - rent	10,704.00	38,047.21	-	2,076.00	2,076.00	50,827.21	12,956.00	45,468.00	3,975.89	3,975.89	3,975.89	62,399.89
Occupancy - utilities/other	9,115.10	21,284.68	-	6,060.63	6,060.63	36,460.41	6,529.31	21,062.31	7,117.81	7,117.81	7,117.81	34,709.43
Office expense	4,072.26	4,268.35	-	1,471.87	1,471.87	9,812.48	1,049.91	9,270.80	1,682.39	1,682.39	1,682.39	12,003.10
Professional fees	4,800.00	30,286.95	-	1,862.50	1,862.50	36,949.45	5,100.00	23,512.54	6,915.82	6,915.82	6,915.82	35,528.36
Professional development	-	-	-	185.00	185.00	185.00	-	-	-	-	-	-
Repairs and maintenance	6,419.14	15,920.42	-	3,336.99	3,336.99	25,676.55	6,550.00	16,829.22	5,501.31	5,501.31	5,501.31	28,880.53
Salaries and related benefits	114,132.49	392,558.99	-	82,484.65	82,484.65	589,176.13	112,338.54	414,580.42	89,608.74	89,608.74	89,608.74	616,527.70
Taxes and licenses	-	-	-	371.07	371.07	371.07	-	-	-	209.00	209.00	209.00
Transportation/travel	14,915.11	72,731.66	-	9,112.58	9,112.58	96,759.35	5,203.93	60,146.09	10,913.69	10,913.69	10,913.69	76,263.71
Total	184,765.29	645,975.03	-	160,829.63	160,829.63	991,569.96	184,048.00	717,012.58	209,590.92	209,590.92	209,590.92	1,110,651.50

See Accompanying Notes and Auditors' Report

JERICHO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donors/grantors	\$ 832,839.79	\$ 1,004,115.65
Cash received from customers/participants	113,063.70	101,164.98
Cash paid to employees for services	(612,546.59)	(610,211.15)
Cash paid to suppliers for goods, services and activities	(386,164.36)	(411,942.84)
Interest paid	(12,429.75)	(21,765.78)
	<hr/>	<hr/>
Net Cash Provided by (Used for) Operating Activities	(65,237.21)	61,360.86
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(3,186.69)	(4,460.58)
	<hr/>	<hr/>
Net Cash Used for Investing Activities	(3,186.69)	(4,460.58)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on loans from financial institutions	(8,427.73)	(44,726.20)
Proceeds/principal payments on loan from officers	788.59	1,647.58
	<hr/>	<hr/>
Net Cash Used for Financing Activities	(7,639.14)	(43,078.62)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(76,063.04)	13,821.66
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<hr/>	<hr/>
	76,853.61	63,031.95
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<hr/>	<hr/>
	790.57	76,853.61

Continued

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
STATEMENTS OF CASH FLOWS - Continued
YEARS ENDED DECEMBER 31, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Change in net assets	\$ (9,294.23)	\$ (60,885.53)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used for) Operating Activities:		
Depreciation	11,792.34	13,758.50
(Increase) decrease in assets:		
Grants receivable	(36,030.84)	55,514.66
Advances and other receivables	(341.40)	-
Prepaid expenses	3,146.16	(4,309.71)
Increase (decrease) in liabilities:		
Bank overdrafts	26,855.42	-
Accounts payable	(36,876.55)	50,966.39
Payroll taxes and withholdings payable	(308.53)	(8,166.00)
Accrued salaries	(23,061.93)	14,482.55
Accrued interest payable	(1,117.65)	-
	<hr/>	<hr/>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(65,237.21)</u>	<u>61,360.86</u>

See Accompanying Notes and Auditors' Report

NOTES TO FINANCIAL STATEMENTS

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
INDEX TO NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

<u>Note No.</u>	<u>Description</u>	<u>Page No.</u>
1	Nature of Activities and Significant Accounting Policies.....	12
2	Cash and Cash Equivalents	14
3	Receivables.....	14
4	Property and Equipment	14
5	Accounts and Other Payables.....	15
6	Notes Payable	15
7	Net Assets Released from Restriction	16
8	Functional Allocation of Expenses.....	16
9	Liquidity of Assets and Liabilities	16
10	Related Party Transactions	17
11	Commitments and Contingencies.....	17
12	Subsequent Events.....	17

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Jericho Ministries, Inc. dba Feliciana Family Outreach Center (hereafter referred to as the Organization), a Louisiana non-profit organization was incorporated on April 21, 1997, and is domiciled in Ethel, Louisiana. It was formed to enhance the quality of life for families in East Feliciana Parish and the surrounding areas through the building and strengthening of family foundations by providing various enrichment programs for the total family to meet their physical, educational, emotional and spiritual needs. The Organization's support for the years ended December 31, 2008 and 2007, came primarily from federal grants received either directly or passed through the State.

The accounting policies of the Organization conform to accounting principles generally accepted in the United States of America as applicable to non-profit organizations. The significant accounting policies are as follows:

Method of Accounting

The financial statements of the Organization have been prepared utilizing the accrual basis of accounting.

Financial Statement Presentation

The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 117, *"Financial Statements of Not-for-Profit Organizations"*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. In addition, it is required to present a statement of cash flows. As permitted by this new statement, the Organization has discontinued its use of fund accounting and has, accordingly, reclassified its financial statements to present the three classes of net assets required. This reclassification had no effect on the change in net assets in the year it was adopted.

Contributions

The Organization has elected to adopt SFAS No. 116, *"Accounting for Contributions Received and Contributions Made"*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted net assets are reclassified to unrestricted net assets upon satisfaction of the time or purpose of the restriction. As permitted by SFAS No. 116, the Organization has retroactively applied the provisions of this new statement by restating net assets.

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

Contributed Goods and Services

No amounts have been recognized in the accompanying financial statements because not all of the criteria for recognition under SFAS No. 116, "*Accounting for Contributions Received and Contributions Made*", were satisfied.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Inventory

Inventory of the Organization includes only office supplies, printed materials and some food items, the amount of which is considered immaterial. Therefore, the acquisition of these items is expensed when purchased, and the inventory on hand at year-end is not reported.

Accounts Receivable

Accounts receivable consists of amounts due under federal grants and other contractual agreements. The Organization uses the direct write-off method of accounting for uncollectible receivables. Use of this method is not materially different from the allowance method required by generally accepted accounting principles as all receivables are considered collectible. For this reason, there is no allowance recorded in the accompanying financial statements.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Property and equipment purchased by the Organization is recorded at cost. They are depreciated using the straight-line method over the estimated useful lives of the assets. Equipment with an original cost of \$500 or greater is capitalized. Interest during the construction or renovation of long-lived assets is normally capitalized. The earnings on the borrowings reduce this amount during the same period, if any.

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no liability or expense has been recorded in the accompanying financial statements.

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following:

	<u>2008</u>	<u>2007</u>
Demand deposits		
Unrestricted	<u>\$ 790.57</u>	<u>\$ 76,853.61</u>

NOTE 3 – RECEIVABLES

Amounts due to the Organization at December 31, 2008 and 2007, are as follows:

	<u>2008</u>	<u>2007</u>
Grants - Teen Pregnancy Prevention	\$ 4,844.00	\$ 8,190.00
Grants – RAFTA	<u>39,376.84</u>	<u>.00</u>
Total	<u>44,220.84</u>	<u>8,190.00</u>

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2008 and 2007:

	<u>2008</u>	<u>2007</u>
Land/Total Non-Depreciable Assets	\$ 16,000.00	\$ 16,000.00
Buildings and improvements	92,533.65	90,033.65
Office furniture/equipment	15,176.10	15,176.10
Equipment	8,269.94	7,583.25
Vehicles	<u>49,525.70</u>	<u>49,525.70</u>
Total Depreciable Assets	<u>165,505.39</u>	<u>162,318.70</u>
Sub-total	181,505.39	178,318.70
Less: accumulated depreciation	<u>(69,307.58)</u>	<u>(57,515.24)</u>
Net	<u>112,197.81</u>	<u>120,803.46</u>

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 5 – ACCOUNTS AND OTHER PAYABLES

Payables consist of the following:

	<u>2008</u>	<u>2007</u>
Trade/overdrafts	\$ 102,324.45	\$ 112,345.58
Payroll related	1,321.90	1,630.43
Salaries	12,459.63	35,521.56
Interest	.00	1,117.65
Officers/directors	<u>2,436.17</u>	<u>1,647.58</u>
Total	<u>118,542.15</u>	<u>152,262.80</u>

NOTE 6 – NOTES PAYABLE

The Organization executed loans with Clinton Bank and Feliciana Bank for start-up and cash flow purposes in conjunction with its federal grant programs. Both loans were at 7% simple interest and renewable on an annual basis. The balance of these two loans was paid off in 2005, through a loan obtained from Hancock Bank in the amount of \$160,000. This note bears interest at 7% with a term of 15 years, renewable every 5 years. Proceeds were used to pay off the annually renewable loans with Clinton and Feliciana Banks, to pay all past due payroll taxes and to provide cash flow for upcoming grant programs. Monthly payments of principal and interest are \$1,250.48. It is collateralized by the Organization's real estate at 10270 Highway 10 in Clinton, La.

A loan was secured with Chase Bank for the purchase of a van in December of 2005, for \$26,893.50 at a rate of 8.78% over 6 years. Monthly payments total \$483.05.

Repayment on these existing loans at December 31, 2008, is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 9,493.34	\$ 11,109.91
2010	143,432.95*	3,967.69
2011	<u>5,056.82</u>	<u>265.85</u>
Totals	<u>157,983.11</u>	<u>15,343.45</u>

*Includes balance of note with Hancock Bank that may be renewed for an additional 10 years.

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the expiration of time during the year.

Purpose restriction accomplished:

	<u>2008</u>	<u>2007</u>
Coordination and implementation of:		
Teen pregnancy prevention program	\$ 191,037.00	\$ 236,747.00
Teen abstinence program	<u>645,975.03</u>	<u>711,823.99</u>
 Total	 <u>837,012.03</u>	 <u>948,570.99</u>

NOTE 8 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and supporting services of the Organization have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. This allocation is summarized

NOTE 9 – LIQUIDITY OF ASSETS AND LIABILITIES

The liquidity of the Organization's assets and liabilities are as follows:

	<u>2008</u>	<u>2007</u>
Cash and cash equivalents	\$ 790.57	\$ 76,853.61
Grants/other receivables	44,562.24	8,190.00
Prepaid expenses	<u>1,163.55</u>	<u>4,309.71</u>
 Total Current Assets	 46,516.36	 89,353.32
 Payables	 118,542.15	 152,262.80
Loans, current portion	<u>9,493.34</u>	<u>8,850.49</u>
 Total Current Liabilities	 <u>128,035.49</u>	 <u>161,113.29</u>
 Liquidity	 <u>(81,519.13)</u>	 <u>(71,759.97)</u>

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 10 – RELATED PARTY TRANSACTIONS

An officer/director of the Organization made non-interest bearing deposits/disbursements to/from the Organization. They were made for the purpose of cash flow in anticipation of grant funds awarded. A balance of \$2,436.17 and \$1,647.58 is due at December 31, 2008 and 2007, respectively.

The Organization leases space from a Church affiliated with it through common directors. Rent was paid/accrued in the amount of \$31,700 and \$22,640 at December 31, 2008 and 2007, respectively. The Organization also leased additional space from a limited liability corporation owned by the Executive and Project Directors. The amounts paid were \$10,000 and \$10,200 during 2008 and 2007, respectively.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

Litigation and Claims. There is no pending or threatened litigation against the Organization.

Going Concern. The Organization relies on federal and state funding. Failure to receive this funding would significantly impact its ability to continue as a going concern for operations related to the purpose of these funds.

NOTE 12 – SUBSEQUENT EVENTS

There were no events that have occurred between the close of the year and the date of this report that would significantly impact these financial statements such as would require reporting or disclosure.

SUPPLEMENTARY INFORMATION

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors of
Jericho Ministries, Inc.
dba Feliciana Family Outreach Center
P. O. Box 23
Ethel, Louisiana 70730

We have audited the financial statements of Jericho Ministries, Inc. dba Feliciana Family Outreach Center as of December 31, 2008 and 2007 and for the years then ended, and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Jericho Ministries, Inc. dba Feliciana Family Outreach Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Jericho Ministries, Inc. dba Feliciana Family Outreach Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Jericho Ministries, Inc. dba Feliciana Family Outreach Center's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to initiate,

authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement on the agency's financial statements that is more than inconsequential will not be prevented or detected by the agency's internal control.

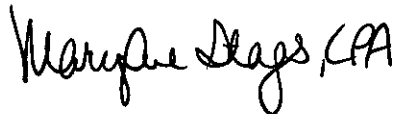
A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the governmental agency's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Jericho Ministries, Inc. dba Feliciana Family Outreach Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, Jericho Ministries, Inc. dba Feliciana Family Outreach Center, the Legislative Auditor and others within the entity and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



Mary Sue Stages, CPA
A Professional Accounting Corporation
June 26, 2009

MARY SUE STAGES, CPA
A PROFESSIONAL ACCOUNTING CORPORATION

.....
3121 Van Buren Street, Suite A
P. O. Box 30
Baker, Louisiana 70704-0030
Phone (225) 775-4982 * Fax (225) 775-4912
mstages@butlercpa.brcoxmail.com

Louisiana Society of Certified Public Accountants
American Institute of Certified Public Accountants
Association of Governmental Accountants
Governmental Audit Quality Control Center

REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors of
Jericho Ministries, Inc.
dba Feliciana Family Outreach Center
P. O. Box 23
Ethel, Louisiana 70730

Compliance

We have audited the compliance of Jericho Ministries, Inc. dba Feliciana Family Outreach Center with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major programs for the year ended December 31, 2008. Jericho Ministries, Inc. dba Feliciana Family Outreach Center's major federal programs are identified in the accompanying schedule of expenditures of federal awards. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Jericho Ministries, Inc. dba Feliciana Family Outreach Center's management. Our responsibility is to express an opinion on Jericho Ministries, Inc. dba Feliciana Family Outreach Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jericho Ministries, Inc. dba Feliciana Family Outreach Center's compliance with those requirements and performing

such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Jericho Ministries, Inc. dba Feliciana Family Outreach Center's compliance with those requirements.

In our opinion, Jericho Ministries, Inc. dba Feliciana Family Outreach Center compiled, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

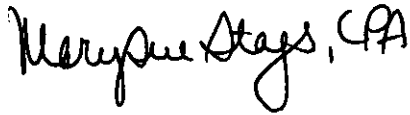
The management of Jericho Ministries, Inc. dba Feliciana Family Outreach Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Jericho Ministries, Inc. dba Feliciana Family Outreach Center's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jericho Ministries, Inc. dba Feliciana Family Outreach Center's internal control over compliance.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the governmental agency's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the agency's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the agency's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, Jericho Ministries, Inc. dba Feliciana Family Outreach Center, the Legislative Auditor and others within the entity and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in black ink that reads "Mary Sue Stages, CPA". The signature is written in a cursive, flowing style.

Mary Sue Stages, CPA
A Professional Accounting Corporation
June 26, 2009

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS
YEARS ENDED DECEMBER 31, 2008 AND 2007

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal Expenditures	
		<u>2008</u>	<u>2007</u>
<i>Major Programs</i>			
U.S. Department of Health and Human Services			
Administration for Children and Families, Family and Youth Services Bureau			
Regional Alliance for Teen Abstinence (RAFTA)	93.010	\$ 606,598.19	\$ 711,823.99
<i>Other Federal Awards</i>			
U.S. Department of Health and Human Services			
Temporary Assistance for Needy Families Pass-Through Louisiana Department of Social Services			
Teen Pregnancy Prevention	93.558	194,041.60	236,747.00
Total Expenditures		800,639.79	948,570.99

Notes to Schedules of Expenditures of Federal Awards
Year Ended December 31, 2008

Basis of Presentation

This schedule of expenditures of federal awards includes the federal grant activity of Jericho Ministries dba Feliciano Family Outreach Center and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments and Non-Profit Organizations*.

See Auditors' Report

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

Section I Financial Statement Findings

N/A

Section II Federal Award Findings and Questioned Costs

N/A

Section III Management Letter

N/A

JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2008

We have audited the financial statements of Jericho Ministries, Inc. dba Felician Family Outreach Center as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated June 26, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2008 and 2007, resulted in an unqualified opinion.

Section I Summary of Auditors' Reports

1. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control	Material Weakness	<input type="checkbox"/> No
	Significant Deficiency	<input type="checkbox"/> No
Compliance	Compliance Material to F/S	<input type="checkbox"/> No

2. Federal Awards

Internal Control	Material Weakness	<input type="checkbox"/> No
	Significant Deficiency	<input type="checkbox"/> No
Compliance	Compliance Material to F/S	<input type="checkbox"/> No

Type of Opinion on Compliance for Major Programs	Unqualified
--	-------------

Programs tested as major programs included Regional Alliance for Teen Abstinence (CFDA 93-010) and Teen Pregnancy Prevention (CFDA 93.558).

The threshold used for distinguishing between Type A and B programs was \$500,000.

Section II Financial Statement Findings

N/A

Section III Federal Award Findings and Questioned Costs

N/A

**JERICO MINISTRIES, INC.
dba FELICIANA FAMILY OUTREACH CENTER
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2008**

Section I Financial Statement Findings

N/A

Section II Federal Award Findings and Questioned Costs

N/A

Section III Management Letter

N/A